



**STATE OF DELAWARE  
OFFICE OF THE STATE TREASURER  
BANK RECONCILIATIONS**

Independent Accountants' Report on Applying Agreed-upon Procedures

Quarters Ended September 30, 2007 and December 31, 2007

**STATE OF DELAWARE  
OFFICE OF THE STATE TREASURER  
BANK RECONCILIATIONS**

**Table of Contents**

	<b>Page(s)</b>
Independent Accountants' Report on Applying Agreed-upon Procedures	1 – 3
Schedule of Findings, Quarters ended September 30, 2007 and December 31, 2007	4
Exhibit A – General Account Cash Reconciliation, September 30, 2007	5
Exhibit A – General Account Cash Reconciliation, December 31, 2007	6
Exhibit B – Proof of Cash Reconciliation, Three months ended September 30, 2007	7
Exhibit B – Proof of Cash Reconciliation, Three months ended December 31, 2007	8



KPMG LLP  
1601 Market Street  
Philadelphia, PA 19103-2499

## Independent Accountants' Report on Applying Agreed-upon Procedures

Mr. R. Thomas Wagner Jr.  
State Auditor  
Office of Auditor of Accounts  
State of Delaware:

We have performed the procedures enumerated below, which were agreed to by the Office of the State Treasurer and the Office of Auditor of Accounts, State of Delaware, solely to assist you in evaluating the bank reconciliations of the Office of the State Treasurer as of and for the quarters ended September 30, 2007 and December 31, 2007. The Office of the State Treasurer's management is responsible for the bank reconciliations. The agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards*, issued by the Controller General of the United States, and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

- Compared the list of accounts generated from the Delaware Financial Management System (DFMS) to the bank accounts reconciled by the Office of the State Treasurer and the accounts included as part of each quarter's ending cash balance in cash account 1001 on DFMS and found them in agreement.
- Obtained the Office of the State Treasurer's reconciliation of bank balances to DFMS for each quarter, and performed the following:
  - For the September and December reconciliations, agreed each bank balance to the actual bank statements, and also agreed each book balance to the DFMS summary trial balance report. No exceptions were noted.
  - For the September and December reconciliations, obtained explanations and examined supporting documentation for reconciling items over \$3,043,000, including the subsequent clearing of these reconciling items in following months when applicable. No exceptions were noted.
  - Recalculated the September and December reconciliations for mathematical accuracy. No exceptions were noted.
  - For the September and December reconciliations, compared the types and amounts of reconciling items over \$3,043,000 for nonrecurring items. No items were noted that were both over \$3,043,000 and nonrecurring.
  - Agreed each quarter's ending cash balance to the Financial Report submitted to the Governor by the Secretary of Finance. No exceptions were noted.

- Obtained and reviewed the Office of the State Treasurer’s bank reconciliation policies and procedures dated February 28, 2000, in order to determine if these policies and procedures were applied when the Office of the State Treasurer performed its reconciliations for the months ended September 30, 2007 and December 31, 2007. No deviation from written policy was noted.
- Obtained the Wire Transfer Log for each quarter and performed the following procedures:
  - Selected transfers for amounts in excess of \$3,043,000 for the September and December quarters and agreed the transfer information to the applicable month’s bank statements, ensuring both sides of the transfer actually occurred within one business day. No exceptions were noted.
  - Agreed the transfer activity selected to the appropriate postings in the accounts on the DFMS summary trial balance report. No exceptions were noted.
  - Haphazardly selected the following five transfers per quarter from the zero-balance bank accounts and agreed the net activity to the corresponding clearing in the concentration bank account. In addition, agreed the monthly posting of the zero balance and concentration account activity to the DFMS summary trial balance report. No exceptions were noted.

	<u>Wire date</u>	<u>Amount</u>
Quarter ended September 30, 2007:	7/13/07 \$	3,953,325
	7/25/07	9,236,974
	8/9/07	60,871,211
	8/24/07	4,189,824
	9/20/07	13,700,911

	<u>Wire date</u>	<u>Amount</u>
Quarter ended December 31, 2007:	10/5/07 \$	4,961,465
	10/18/07	11,445,017
	11/21/07	6,497,317
	11/29/07	8,376,215
	12/27/07	7,580,113

- Obtained the Office of the State Treasurer’s General Account Reconciliation for the September and December quarters, summarized each quarter’s reconciliations into the form of Exhibit A attached, and performed the following procedures:
  - Agreed the bank account information to the corresponding bank statements. No exceptions were noted.
  - Agreed the ending book balance to the ending balance as reported in Exhibit B and to the quarter-end reconciliations. No exceptions were noted.
- Obtained the monthly rollforward of cash activity from the Office of the State Treasurer, summarized the quarterly activity and obtained the “Proof of Cash Reconciliation” in the form of Exhibit B attached, and performed the following procedure:
  - Agreed the beginning balances to the prior month’s ending balances and agreed the ending balances to the monthly reconciliations. No exceptions were noted.



We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the specified bank reconciliations. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Office of the State Treasurer and the Office of Auditor of Accounts, State of Delaware, and is not intended to be, and should not be, used by anyone other than these specified parties. However, under 29 Del.C., Section 10002(d), this report is a public record and its distribution is not limited. This report, as required by statute, was provided to the Governor, Controller General, Attorney General, Office of Management and Budget, and Department of Finance.

KPMG LLP

April 30, 2008

**STATE OF DELAWARE  
OFFICE OF THE STATE TREASURER  
BANK RECONCILIATIONS**

**Schedule of Findings**

Quarters ended September 30, 2007 and December 31, 2007

**Current-Quarter Findings and Recommendations**

No findings or recommendations noted.

**STATE OF DELAWARE  
OFFICE OF THE STATE TREASURER  
BANK RECONCILIATIONS**

General Account Cash Reconciliation

September 30, 2007

Balance per Citizens Bank	\$ 10,101,033
Balance per Mellon Bank	964,164
	<hr/>
Bank balance at September 30, 2007	11,065,197
Additions:	
Investments managed by Morgan Bank, account number 830752	180,855,712
Investments managed by Wilmington Trust, account number 830754	340,399,722
Investments managed by Wachovia Bank, account number 830751	298,753,701
Receivables from various sources	166,050
Deposits in transit	924,722
Balance at Bank of New York Mellon, account numbers 353607, 353608, and 830753	250,570,332
Fidelity Government Obligation Bonds 1998A	74,580,019
Balance at Wilmington Trust, DELGIP, account number 830755	126,893,280
Wilmington Trust Land and Water Conservation Trust Fund #1 account number 830758	67,664,244
Balance of Wachovia Acct., Justice of Peace, account number 2000013021469	158,753
Balance at Bank of America, Division of Corp. State Lockbox, account number 2001800374	1,097,486
Balance at Wilmington Trust, Morgan Grenfield Intermediate, account number 830759	304,141,293
Balance at Bank of America, Labor Lockbox	608,103
Balance at Bank of America, Credit Cards, account number 00446706-4630	83,548
Balance at PNC Bank, Concentration, account number 56-9401099-3	879,897
Balance at PNC Bank, DMR Special Services, account number 56-94003988	3,271
	<hr/>
Subtotal	1,647,780,133
Deductions:	
Outstanding zero-balance accounts (ZBAs) – outstanding checks	68,266,400
Payable for bank errors	31,985
Payable to Mellon 07/98	10,069
Payable to PNC Bank miscellaneous adjustments	44,324
	<hr/>
Subtotal	68,352,778
	<hr/>
Balance per State Treasurer's books, adjusted, September 30, 2007	\$ 1,590,492,552
	<hr/>

**STATE OF DELAWARE  
OFFICE OF THE STATE TREASURER  
BANK RECONCILIATIONS**

General Account Cash Reconciliation

December 31, 2007

Balance per Citizens Bank	\$ 10,164,983
Balance per Mellon Bank	1,278,514
	<hr/>
Bank balance at December 31, 2007	11,443,497
Additions:	
Investments managed by Morgan Bank, account number 830752	188,182,108
Investments managed by Wilmington Trust, account number 830754	393,980,529
Investments managed by Wachovia Bank, account number 830751	342,610,662
Receivables from various sources	155,860
Deposits in transit	1,337,165
Balance at Bank of New York Mellon, account numbers 353607, 353608, and 830753	253,991,815
Fidelity Government Obligation Bonds 1998A	754,331
Balance at Wilmington Trust, DELGIP, account number 830755	128,571,530
Wilmington Trust Land and Water Conservation Trust Fund #1 account number 830758	67,532,638
Balance of Wachovia Acct., Justice of Peace, account number 2000013021469	—
Balance at Bank of America, Division of Corp. State Lockbox, account number 2001800374	554,839
Balance at Wilmington Trust, Morgan Grenfield Intermediate, account number 830759	306,968,901
Balance at Bank of America, Labor Lockbox	35,421
Balance at PNC Bank, Concentration, account number 56-9401099-3	1,091,530
Balance at PNC Bank, DMR Special Services, account number 56-94003988	238,239
	<hr/>
Subtotal	1,686,005,568
Deductions:	
Outstanding ZBAs – outstanding checks	74,128,292
Payable for bank errors	32,246
Payable to Mellon 07/98	10,429
Payable to PNC Bank miscellaneous adjustments	44,324
	<hr/>
Subtotal	74,215,291
	<hr/>
Balance per State Treasurer's books, adjusted, December 31, 2007	\$ 1,623,233,774
	<hr/> <hr/>

**STATE OF DELAWARE  
OFFICE OF THE STATE TREASURER  
BANK RECONCILIATIONS**

Proof of Cash Reconciliation

Three months ended September 30, 2007

Balance per State Treasurer's books, July 1, 2007	\$ 1,898,821,698
Additions:	
Deposits to cash receipts journal	1,413,423,230
Receivables for bank errors	(2,445)
Outstanding cash receipts	39,721,590
Division of Mental Retardation transfer	(217,595)
Outstanding checks – prior months	233,133,363
Subtotal	<u>1,686,058,143</u>
Deductions:	
Deposits to cash receipts journal – credit card payments booked in transit	—
Deposits to cash receipts journal – prior months	32,069,703
Transfer for principal and interest on bonds	65,875,000
Transfer from Mellon Bank for payroll and pension direct deposit	392,908,667
Transfer from Mellon Bank to Mercantile Bank for pensions	77,783,357
Transfer from Mellon Bank for Coventry Healthcare	10,740,608
Transfer from Mellon Bank for Aetna Healthcare	3,301,045
Transfer from Mellon Bank for Supercard	6,051,328
Transfer from Mellon Bank for deferred compensation	3,283,810
Transfer from Mellon Bank for IFTA	336,172
Transfer from Mellon Bank for Medicaid	12,960,869
Transfer from Mellon Bank for Red Clay	2,308,881
Transfer from Mellon Bank for Taipei Office	125,000
Transfer from Mellon Bank for ACI PMT	631,998
Transfer from Mellon Bank for Eagle Farm	1,240,000
Transfer from Mellon Bank for SSI	383,495
Transfer from PNC Bank for bank fees, State Personnel Office	5,750
Transfer from PNC Bank for bonds	27,757,397
Transfer for federal income tax, FICA, and Medicare	115,403,208
ACH transfers	585,014,939
Bad-check summary	121,285
Transfer for cleared ZBAs	413,576,681
Transfer for outstanding ZBAs	242,508,096
Subtotal	<u>1,994,387,289</u>
Balance per State Treasurer's books, adjusted, September 30, 2007	<u>\$ 1,590,492,552</u>

**STATE OF DELAWARE  
OFFICE OF THE STATE TREASURER  
BANK RECONCILIATIONS**

Proof of Cash Reconciliation

Three months ended December 31, 2007

Balance per State Treasurer's books, October 1, 2007	\$ 1,590,492,551
Additions:	
Deposits to cash receipts journal	1,703,985,287
Receivables for bank errors	39,650
Outstanding cash receipts	40,312,460
Division of Mental Retardation transfer	234,968
Outstanding checks – prior months	199,748,260
Subtotal	<u>1,944,320,625</u>
Deductions:	
Deposits to cash receipts journal – credit card payments booked in transit	—
Deposits to cash receipts journal – prior months	35,069,868
Transfer from Mellon Bank for payroll and pension direct deposit	354,939,852
Transfer from Mellon Bank to Mercantile Bank for pensions	47,346,293
Transfer from Mellon Bank for Coventry Healthcare	1,124,760
Transfer from Mellon for Aetna Healthcare	5,454,453
Transfer from Mellon for deferred compensation	11,200
Transfer from Mellon Bank for Corp	172,500
Transfer from Mellon Bank for TMS	50,000
Transfer from Mellon Bank for International Registration	8,078
Transfer from Mellon Bank for Motorola	3,466,882
Transfer from Mellon Bank for IFTA	175,952
Transfer from Mellon for Medicaid	9,002,072
Transfer from Mellon for ACI	1,336,878
Transfer from Mellon for SSI	293,380
Transfer from PNC Bank for bank fees, State Personnel Office	5,750
Transfer from PNC Bank for bonds	5,338,659
Transfer for federal income tax, FICA, and Medicare	135,091,381
ACH transfers	647,603,934
Bad-check summary	639,085
Transfer for cleared ZBAs	458,838,273
Transfer for outstanding ZBAs	205,610,152
Subtotal	<u>1,911,579,402</u>
Balance per State Treasurer's books, adjusted December 31, 2007	<u>\$ 1,623,233,774</u>